



Vermont Tobacco Evaluation and Review Board

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TO: The Honorable Governor James H. Douglas
Senate Appropriations Committee
House Appropriations Committee
Joint Fiscal Committee

FROM: Brian S. Flynn, ScD, Chair

DATE: October 1, 2008

RE: FY2010 Budget Recommendation for the Tobacco Control Program
(Section 271 of Act 152 (2000), 18 V.S.A. chapter 225, s.9505(9))

Tobacco use continues to be the most important *preventable* cause of disease and death, costing Vermont over \$233 million per year for health care, \$66 million of which are Medicaid expenditures. The board recommends an FY2010 budget of \$6,669,216 for the tobacco control program. This increase of \$1,444,269 from FY2009 will be directed towards unmet needs that are important to improving health and reducing avoidable pressures on health budgets in concert with other health reform initiatives.

Decreases in Vermont's adult smoking rate to 18% and youth smoking to 16% are encouraging evidence that our comprehensive tobacco control program, smoke-free laws, and tobacco tax increases have had a positive impact. The comprehensive program has made a significant independent contribution to these changes according to the boards' independent evaluator. States with similar but longer term tobacco control programs have documented cost-savings from reductions in tobacco-related chronic diseases. California saved \$86 billion in health care costs, while the state spent \$1.8 billion on its tobacco control program in 1989-2004, a 50 to 1 return on investment.

Although current trends are positive, Vermont will not reach its goal of reducing adult smoking to 11% by 2010, and is falling short of realizing significant achievable benefits. Achieving Vermont's 2010 goals could have saved the state \$14 million each year from reduced Medicaid costs alone. There are still 88,000 adults who smoke including 30% of low-income Vermonters, and 44% of those with moderate or severe depression. These citizens are among those who will benefit from improvements in tobacco control programs as outlined in our program and budget recommendations.

Vermont has appropriated a majority of its annual Master Settlement Agreement (MSA) payments to Medicaid and a smaller portion to the tobacco control program since 2001. In the current fiscal year only 13.1% of MSA and Strategic payments are directed to tobacco control. This represents a per capita investment substantially below that recommended based on successful programs in other states. The investments proposed in the attached recommendations can extend benefits already achieved by this program.

Thank you for your consideration of these requests. Please let me know if you would like additional information.